



**look
forward to
retirement!**

Iowa Department of Administrative Services
Retirement Investors' Club (RIC)

Des Moines Area Community College 457/403(b) Comparison

Provision	ELIGIBLE 457 PLAN	403(B) PLAN (TAX-SHELTERED ANNUITY)
Who's Covered	All employees	All employees
Ownership of assets prior to withdrawal	Assets must be held by the State in trust for the exclusive benefit of you and your beneficiaries	Assets are held in individually owned contracts or accounts
Investment Options	Fixed rate accounts, mutual funds and annuity contracts	Fixed rate accounts, mutual funds and annuity contracts
Participant Loans	No loan provision	Loans are allowed
Contribution Limits	Maximum – Contributions may not exceed the lesser of 100% of taxable salary or \$16,500. If 50 or older, 50+ catch-up maximum is \$22,000. Minimum - \$25 per month	Maximum – Contributions may not exceed the lesser of 100% of taxable salary or \$16,500. If 50 or older, 50+ catch-up maximum is \$22,000.
Catch-up of deferrals missed during previous years eligibility	Referred to as 3-Year Catch Up benefit allows missed deferrals to be “caught up” during the last three years before your normal retirement age. Total contributions may not exceed \$33,000 for 2010. (Cannot be used at the same time as the 50+ catch-up)	If you have 15 years of service and a relatively low contribution history, you may make additional contributions of up to \$3,000 per year subject to a \$15,000 maximum on aggregate catch-up contributions. Total contributions may not exceed \$25,000 for 2010.
Withdrawals permitted	Withdrawals are permitted upon: <ul style="list-style-type: none"> • Termination of employment • Death Withdrawals while employed are permitted upon: <ul style="list-style-type: none"> • Unforeseen emergency application and approval • Eligible cash-out provision (balance must be under \$5,000 and no contributions have been made for at least two years, and monies have not been received from the account) • Age 70 ½ • IPERS credit purchase (during or after employment) 	Withdrawals are permitted upon: <ul style="list-style-type: none"> • Termination of employment • Death Withdrawals while employed are permitted upon: <ul style="list-style-type: none"> • Attaining age 59 ½ • Disability • Financial Hardship application and approval • IPERS credit purchase (during or after employment)
Rollovers/Transfers by participants	Funds may roll into an eligible IRA (including Roth IRA), 457, 401(k), 403(b), 401(b), 401(a) plan	Funds may roll into an eligible IRA (including Roth IRA), 457, 401(k), 403(b), 401(b), 401(a) plan
Deadline to begin distributions	April 1 of the year following the later of age 70½ or retirement	April 1 of the year following the later of age 70½ or retirement
Reporting Distributions to IRS	Distributions are reported on form 1099-R to both participants and beneficiaries	Distributions are reported on Form 1099-R to both participants and beneficiaries
Early Distribution Penalty	NO IRS 10% early distribution penalty tax	IRS 10% penalty tax applies to distributions made prior to age 59½ unless exempt due to disability, etc.
Penalty for failure to take minimum required distribution	IRS 50% excise tax applies to minimum required distribution amount if not taken	IRS 50% excise tax applies to minimum required distribution amount if not taken